

Application No. 09/526,606  
Amendment dated August 26, 2003  
Reply to Office Action of July 14, 2003  
Docket No. 3499-59

### REMARKS

Applicant has cancelled claims 1-19, 22-33 and 35-39 and added claims 40-55. Claims 40-55 are now pending in this application. No new matter has been added.

In the Office Action dated July 14, 2003, the Examiner rejected claims 1-7, 9-16, 22, 24-25, 27, 29 under 35 U.S.C. 101 as non-statutory.

The Examiner has rejected claims 17, 31-32 under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

In addition, the Examiner has rejected claims 1-12, 15-19, 22-34 under 35 U.S.C 103(a) as being unpatentable over Boesch et al (US 6,205,433) in view of Vandebelt et al (US 5,969,974). Examiner has also rejected claims 13-14 and 35-38 under 35 U.S.C 103(a) over Boesch et al in view of Vandebelt et al and further in view of Garber (US 5,963,923).

The Applicant has reviewed the July 14, 2003, Office Action and respectfully traverses all rejections for the reasons set forth herein. However, in order to expedite the prosecution of the present invention, the Applicant has addressed each of the Examiner's concerns in the currently pending claims. The Applicant respectfully requests that all pending claims be allowed.

### Overview

Prior to discussion of the merits of the rejections, some brief comments reviewing the invention may be helpful. In general, the present invention allows a seller of goods and services to participate in an international marketplace without being an expert in currency exchange. The benefit of not bearing the normal risks associated with affiliated currency exchange can be enormous. If profit margins are thin, a change in currency pricing could overwhelm any financial benefit a sale may bring. Sellers that are less sophisticated in currency exchange need a vehicle to be able to forecast the cost of doing business in foreign jurisdictions and price their goods and services in local currencies accordingly.

The present invention supplies such a vehicle. The present invention provides systems and methods that can guarantee a currency exchange price that will be used for any foreign transactions that involve the sale of those goods or services. With the guaranteed currency exchange price, the seller can in turn guarantee a notional price for their goods and services to a foreign buyer. In order to remain manageable, the guaranteed currency exchange price is only applicable for amounts resulting from a sale of a particular seller's goods and services and limited to a predetermined time period.

Associating the currency exchange price to particular goods and services allows a currency exchange provider to better understand the magnitude and frequency of potential transactions, which can be useful in negotiating what the currency exchange price needs to be. So, for example, a currency exchange price that will be guaranteed to a seller that is an automobile manufacturer dealing in the wholesale market may differ than a currency exchange price guaranteed to a retail seller of books. The car manufacturer will most likely have relatively few, high value transactions, while the book retailer will most likely have relatively many, low value transactions. By limiting a currency exchange price to goods from a particular seller, such factors can be taken into consideration in setting the currency exchange price.

Similarly, a predetermined time period during which a currency exchange price will be adhered to can be based upon the types of goods or services offered for sale by a seller. To continue our example of the automobile manufacturer and the book retailer, the automobile manufacturer may have set times during which transactions take place, while the book retailer may experience an ongoing pattern of sales. Predetermined time periods can be set accordingly.

From a different point of view, a buyer also benefits from being able to view a price for a good or service in their local currency that will remain in effect for a given period of time. Pricing in local currency allows a buyer to readily ascertain a total cost that will be realized by them, without a requisite knowledge of foreign exchange markets. A set time period allows a buyer to make informed decisions on when a purchase should take place.

The pending claims expressly relate to exchange of currency that results from an exchange of goods or services during a predetermined time period. In order to clarify the

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claimed invention and address the Examiner's concerns without awkward wording resulting from multiple amendments, the Applicant has cancelled the pending claims 1-19, 22-33 and 35-39 and included new claims 40-55. Applicant respectfully submits that the new claims 40-55 address all of the Examiner's concerns as further discussed below and that no new matter has been added. Applicant requests allowance of claims 40-55.

a. **35 USC §101.**

The Examiner has rejected claims 1-7, 9-16, 22, 24-25, 27, 29 under 35 U.S.C. 101 as non-statutory. The Examiner states that method claims 1-7, 9-16, 22, 24-25, 27, 29 as presented do not claim a technological basis and cites Ex parte Bowman 61 USPQ2D 1669 (Bowman) to support his rejection of non-statutory subject matter.

In order to remove the Examiner's concerns and to expedite the issuance of the pending claims, the Applicant has included in the new claims 40-55 a clear technological basis in the form of computer apparatus, computer storage and processors in the elements of the claims.

However, the Applicant also notes that Bowman is unpublished and is not binding precedent of the Board of Patent and Appeals and Interferences. Nevertheless, even if Bowman had the weight of a precedential decision, it would not apply to the application at hand. In Bowman, it was found that neither the specification nor the claims discussed the use of any technology with respect to the claimed invention. In Bowman the court found no indication on the record that the invention was connected to a computer in any manner and relied upon this absence of any connection to a computer to find the claims not directed to statutory subject matter.

The concurring opinion in Bowman provides further insight into the reasoning of the Board in the discussion of cases which are precedential, namely State Street Bank & Trust Co. v. Signature Financial group, Inc. 149 F.3d 1368, 1374-75, 47 USPQ2d 1596, 1602 (Fed. Cir. 1998) (hereinafter State Street), and AT&T Corp. v. Excel Communications Inc., 172 F.3d 1352, 1355, 50 USPQ2d 1447 (Fed. Cir. 1999) (hereinafter AT&T). In the concurring opinion, Judge Dixon relies on State Street and AT&T to illustrate that the Bowman invention was directed to non-statutory subject matter because the process was not tied to an apparatus, such as a

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computer, either expressly or by implication. Applicant respectfully points out that Applicant's claimed invention is clearly tied to a computer apparatus with a concrete use which is not an abstract idea.

In the specification, a host system 150 and e-commerce participant computers 101-106 are described which will execute the method steps (p. 6 lines 1-33). A person skilled in the arts will understand the described system to be computer apparatus, which ties the invention to the "technological arts" as stated in Bowman.

Claims 1-7, 9-16, 22, 24-25, 27, 29 are clearly stated to be "computer implemented" methods, and therefore require the use of one or more computer devices (as described on page 6 of the specification) which provides a nexus to a technological art. The Federal Circuit has recognized that claims that require the use of "switches and computers" are statutory subject matter whether the claimed invention is a process or a machine. (AT&T 50 USPQ2d at 1449-1450).

Accordingly, the Applicant respectfully traverses the 35 USC §101 rejection based upon a need for additional nexus to a technological art, and retains the right to pursue other claims which may or may not include similar claim language in one or more continuation and/or divisional applications.

### **35 USC §112.**

The Examiner has rejected claims 17, 31-32 under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The Examiner bases his rejection of claims 17, 31-32 on the use of the term "system" which the Examiner finds to be vague and indefinite.

The Applicant respectfully traverses the rejection, but in order to expedite the allowance of the claims, the Applicant has amended the claims to particularly specify that a "system" in claims 17, 31-32 refers to an apparatus.

The applicant traverses the rejection of claims 17, 31-32 because the language of the claim elements specifically claim a "computer server". It is well known in the arts that a computer server is an apparatus and therefore statutory subject matter. Therefore the Applicant

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reserves the right to pursue claims with similar language in any continuing or related applications.

c. **35 USC §103.**

The Examiner has cited three U.S. patents to reject claims 1-12, 15-19, 22-34 under 35 U.S.C 103(a). The Examiner rejected claims 1-12, 15-19, 22-34, as unpatentable over Boesch et al (US 6,205,433) in view of Vandebelt et al (US 5,969,974) and claims 13-14 and 35-38 over Boesch et al in view of Vandebelt et al and further in view of Garber (US 5,963,923). Applicant respectfully traverses these rejections and has clarified the pending claims to clearly indicate that the Examiner has not established a case for obviousness.

To establish a case of obviousness, the Examiner must meet three basic criteria. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine references teachings. Second there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art and not based on the Applicant's disclosure (MPEP 706.02(j) citing In re Vaack, 947 F. 2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

Applicant respectfully submits that the Examiner has not established a case for obviousness because a) there is no motivation to modify or combine the reference teachings and b) even if the references were combined, none of the prior art references, alone or in combination, describe or suggest all of the claimed limitations, including seven limitations specifically discussed below. In order to facilitate support for Applicant's traversal, we will first discuss the cited art and how the claimed limitations of Applicant's invention can be distinguished over it and then address the issue of combining references.

### CLAIMED LIMITATIONS

To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art (In re Royka, 490 F. 2d 981, 180 USPQ 580 (CCPA 1974)). In the following discussion we will examine each of the cited references and indicate how the pending claim limitations are not taught or suggested by the prior art.

#### Boesch

In comparing the cited references to the claimed limitations we find that Boesch is directed to a system for determining approval of a transaction between a merchant and a customer. In Boesch, the transaction is approved if an amount offered by the customer is within a “risk range” of a product price specified by the merchant. Boesch describes an embodiment where the customer makes an offer in a first currency and the product price is set by the merchant in a second currency, a computer server determines if the offer currency amount is within the “risk range” of the product price and if it is within the risk range, the server approves the transaction (col. 2 line 63 – p. 3 lines 42).

In Boesch the customer offer amount is calculated by a customer computer. The customer must download currency conversion rates prior to a “session” in which the customer can make an offer. The customer is to estimate an offer amount by using the customer computer to convert one or more customer currency amounts into an amount denominated in a merchant preferred currency. If the customer waits too long, or makes a calculation mistake, the customer may end up making an unacceptable offer, in which case the customer must recalculate what may be an acceptable offer and resubmit successive offers until an offer is accepted.

The methods and systems described in Boesch actually serve as a wonderful example of what is wrong with the systems provided by the prior art. The Boesch patent describes a cumbersome and inexact process in which a customer downloads currency exchange rate data and tries to estimate an offer amount in a customer currency which will convert to an acceptable amount in a merchant preferred currency. The process described in Boesch requires a level of sophistication and processing power that may not be available to all potential customers.

The present invention enables a seller to present to a customer a sales price which is already denominated in the customer preferred currency and a predetermined length of time during which the sales price will be adhered to. Essentially, in the present invention, the sales transaction for the goods or services is conducted with the foreign exchange aspect remaining transparent to the customer.

As claimed in currently pending independent system claim 40, the present invention accomplishes the transparent foreign exchange aspect with at least five unique aspects included in the claim limitations of the pending independent claims which are not described or suggested in Boesch, or any of the other cited art.

First the present invention indicates in a computer storage a currency exchange price which will be adhered to for amounts of currency involved in one or more transactions comprising goods and services sold by the seller. By associating the exchange rate with a particular seller, the present invention allows a currency exchange provider to take into consideration the type of goods and services sold by the seller, and market data associated with such goods and services. Accordingly, sales volume and transaction size can be taken into consideration when indicating the currency exchange rate.

Adhering to a currency exchange price brings predictability to the seller's marketplace and allows the seller to present a price for goods and services to a potential customer that is denominated in a currency local to the customer.

Second, the present invention indicates a predetermined period of time during which the currency exchange price will be adhered to. This aspect also brings predictability to the seller's marketplace and allows a buyer and seller to understand that during this predetermined time period the price of the goods or services will not change due to currency exchange rates.

Third, the present invention claims receipt of digital data into a computer storage that is descriptive of one or more executed transactions. The executed transactions need to have included a sale of goods and/or services by the particular seller. The digital data needs to include an amount of foreign currency involved in the one or more transactions as well as the date the one or more transactions were executed.

Fourth, the present invention determines that one or more of the transactions were executed during the period of time during which it was indicated the currency exchange price will be adhered to.

Fifth, the present invention calculates an amount of foreign currency which will be exchanged according to the indicated currency exchange price and the amounts of transactions executed within the predetermined time period.

Generally, independent claim 48 includes similar limitations as claim 40, but presents the limitations in the form of method steps performed by a seller implementing some embodiments of the present invention. In addition, claim 48 includes at least two additional unique claim limitations which are not described or suggested by the cited prior art. A first additional unique limitation includes calculating a price for goods and/or services offered for sale by a seller. The price is denominated in a foreign currency and is calculated using the price of the goods and/or services denominated in the base currency and the currency exchange rate tied to the seller's goods and/or services for the predetermined period of time. Another additional unique limitation includes generating an actual offer for sale for the seller's goods and/or services. The offer for sale includes the calculated selling price denominated in a foreign currency and is limited to a time period based upon the predetermined time period during which the currency exchange price will be adhered to.

#### Vandenbelt

Citing Boesch in view of Vandenbelt does not diminish the unique aspects of the pending claim limitations. In reviewing Vandenbelt we find a description of a currency converter calculator. It is a simple handheld device that allows a user to view one or two currencies simultaneously. It describes a user storing multiple foreign currency exchange rates and allows the user to perform single and cross-currency conversions. (col. 11 lines 34-36) Vandenbelt describes a standalone handheld system that does not receive or transmit data to other devices.

Vandenbelt simply doesn't apply, because although Vandenbelt claims a machine programmed to perform currency conversion, it is a closed system with a limited function. Vandenbelt does not make allowance for pricing based upon a particular seller's goods and/or



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services, or a predetermined period of time during which the price will be adhered to. As such Vandebelt does not address the underlying problems associated with currency market fluctuations and does not describe any of the unique aspects listed above that are included as claim limitations of the pending claims.

Garber

Similarly, citing Boesch in view of Vandebelt and further in view of Garber also does not diminish the unique aspects of the claimed invention. Garber is directed to methods and systems for improving currency exchange markets through the addition of a Primary Market Maker specialist. The Primary Market Maker specialist program taught by Garber is designed to replicate an over the counter bank trading environment. It merges roles traditionally filled by a combined trader and broker with a futures pit trading environment (col. 3 lines 44-50). The "risk" referred to in col. 3. lines 19-37 is risk to which a market maker is exposed to as a result of fulfilling its role of providing a ready market. The "ranges" cited by the Examiner in col. 6 lines 34-44 refer to hedges placed through the use of put and call options.

The only similarity between Garber and the present invention is that they both relate to foreign exchange. Garber does not teach any of the claimed limitations included in the present invention and adds little or nothing to Boesch in terms of describing the present invention.

The Applicant respectfully submits that Boesch, alone or in view of Vandebelt and Garber, does not describe or suggest the claimed invention and therefore does not provide proper grounds for rejection. The Manual of Patent Examining Procedure (MPEP) states that a ground for rejection "must be clearly developed to such an extent that applicant may readily judge the advisability of an appeal." (MPEP § 706.07) As required by MPEP § 707.07(d), when rejecting a claim for lack of novelty, the Examiner must fully and clearly state the grounds of rejection. Further, "where the applicant traverses any rejections, the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it" (MPEP § 707.07(f)).

What would be necessary to support a rejection of currently pending claim 40 under 35 U.S.C. 103(a) is one or more references that describe or suggest a computer system that

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incorporates the five unique aspects described above. Boesch clearly does not provide such a description or suggestion, either alone or in combination with Vandebelt and Garber. Furthermore, Boesch, alone or in combination with Vandebelt and Garber, does not describe or suggest the additional limitations included in claim 48 and directed to a seller's perspective of the present invention.

If the Examiners wishes to pursue a rejection of the dependent claims, then the Examiner must additionally show a teaching of each element of each dependent claim. None of the references provided by the Examiner provide such teachings.

#### Combination of References

Even if Boesch, Vandebelt and Garber included a description of each of the claimed limitations, which they clearly do not, the Applicant respectfully submits that there is no motivation for someone of ordinary skill in the art to combine the cited references. "There are three possible sources for a motivation to combine references: the nature of the problem to be solved, the teachings of the prior art, and the knowledge of persons of ordinary skill in the arts." (In re Rouffet, 149 F.3d 1350, 1357, 47 USPQ2d 1453, 1457-58 (Fed. Cir. 1998). None of these three possible sources have been demonstrated in the Office Action dated July 14, 2003.

The only grounds offered by the Examiner for combining the cited references is "[I]t would have been obvious to one with ordinary skill in the art." (Office Action of July 14, 2003, p. 6). A blanket statement concerning "one with ordinary skill in the art" is a highly subjective and unsubstantiated statement that does not meet the Examiner's obligation to succinctly establish a prima facie case of obviousness.

In addition, the Applicant respectfully suggests that the present invention is not obvious to one of ordinary skill in the arts. A person of ordinary skill in the art is presumed to be one who thinks along the line of conventional wisdom in the art and is not one who undertakes to innovate, whether by patient and often expensive, systematic research or by extraordinary insights. (Standard Oil Co. V. American Cyanamid Co., 774 F.2d 448, 454, 227 USPQ (BNA) 293, 298 (Fed. Cir. 1985). A person of ordinary skill in the art has even been characterized as a

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"routineer." (application of Laverne, 53 CCPA 1158, 356 F.2d 1003, 1006, 148 USPQ (BNA) 674, 676 (1966)). The conventional and routine methods incorporated by the industry have proven to be problematic since they do not allow a purchaser to readily ascertain a sale price the purchaser will ultimately pay for a product and/or service in the local currency, nor do they provide to a seller a vehicle with which the seller can predetermine a sale price for a good and/or service in a foreign currency which can be adhered to for a predetermined period of time.

The undersigned has discussed with the Examiner at least one, less than desirable, method used by those with "ordinary skill in the arts" which involves the use of a credit card for multi-currency transactions. The need for a better solution, such as that offered by the present invention, is illustrated by the enclosed news article (Who collects from \$800 million credit card ruling?, Washington Post, April 10, 2003) which describes a lawsuit against credit card issuers for the high fees and uncertain rates associated with multi-currency transactions involving credit card payment. Accordingly, those with ordinary skill in the art have not recognized the present invention as obvious, and instead persist with less desirable methods and systems for completing multi-currency transactions.

### CONCLUSION

For the reasons set forth above, allowance of this application, as amended, is courteously urged.

Date:

Aug. 26, 2003

Respectfully submitted,

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## **Who collects from \$800 million credit card ruling?**

By Lucy Lazarony • Bankrate.com

A California judge has ordered Visa and MasterCard to refund \$800 million in fees charged to customers on overseas credit card purchases.

Here's what you need to know about the lawsuit and the hidden, overseas card fees that most folks don't know about.

**What is a foreign currency conversion charge?**

When you make an overseas purchase with a credit card, the merchant is paid in local currency. But the charge that shows up on your card bill is in U.S. dollars. Visa or MasterCard converts the cost of your overseas purchase from the local currency to U.S. dollars and charges your bank a 1-percent currency-exchange fee for the service.

Banks pass this 1-percent fee on to customers and some major banks charge additional 2-percent fees of their own. So whether you know it or not, you pay a 1- to 3-percent fee on every overseas credit card purchase that you make.

Tracking down foreign currency conversion fees is tough. Looking at your credit card bill after an overseas holiday won't be much help. Few banks list currency conversion fees on card bills. Most banks bundle conversion fees into the transaction prices listed on customer bills.

To learn about your bank's policy on currency conversion fees, you'll have to dig out your cardholder agreement. Many travelers are unaware that foreign currency conversion fees even exist.

**Why are Visa and MasterCard being sued?**

The California lawsuit claims that Visa and MasterCard are hiding currency-conversion fees from customers. The suit also claims the 1-percent fees charged by Visa and MasterCard are too high.

**What does the ruling mean to me?**

Both Visa and MasterCard are card associations owned by banks from all over the country.

On April 8, Alameda County Superior Court Judge Ronald Sabraw ruled that Visa and MasterCard concealed the 1-percent fee from customers and should pay refunds. He ordered Visa and MasterCard to refund customers who have paid foreign currency conversion charges since 1996. The refund is estimated at \$800 million.

Visa will pay most of the refund to its customers. The reason? Visa is based in California and the ruling applies to Visa customers nationwide.

Under the ruling, New York-based MasterCard need only refund customers that live in California. But MasterCard could face similar suits in other states.

The California judge also ordered Visa and MasterCard to better disclose foreign currency conversion fees in the future. The judge did not find the 1-percent fees to be excessive or illegal.

Visa and MasterCard have vowed to appeal the ruling.

**I've paid 1-percent conversion charges on overseas purchases. When do I get my money back?**

A May 23 court hearing has been scheduled to discuss how customer rebates will be made. Refunds could be credited to customer credit card accounts or granted with checks or vouchers.

-- Posted: April 10, 2003